GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:1888
ANSWERED ON:13.12.2004
DEVELOPMENT OF AGRICULTURE MARKET AND MARKETING SYSTEM
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government has proposed to provide a package for the regularization of competitive agriculture market, private and co-operative sectors and to develop a marketing system;

(b) if so, the details thereof;

(c) the measures being adopted by the Government to safeguard the interest of small farmers keeping in view the importance of marketing business of agricultural products;

(d) whether the said scheme is likely to be applicable to the small farmers; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a) to (e): Under the existing APMC Act, State Government alone is empowered to initiate the process of setting up of markets for agricultural commodities in notified areas. Processing industry can not buy directly from the farmers. The farmer is restricted from entering into direct contract with any manufacturer as the produce is required to be canalized through regulated markets. These restrictions are acting as a disincentive to farmers, trade and industries. The State Governments have, therefore, been advised to amend the APMC Act to allow direct marketing and contract farming and to permit setting up of competitive markets in private and cooperative sectors. A Model APMC Act has also been circulated by this Ministry to all the States to guide them in implementation of the suggested reforms. The Model Act enable any person, grower and local authority to establish new market in any area, removes compulsion on growers to sell their produce through existing regulated markets, allows establishment of direct purchase centres and farmers markets for direct sale, promote public private partnership in management and development of markets, establish special markets for commodities like onion, fruits, vegetables, flowers etc. This matter was further discussed at the national conference of State Ministers on 19.11.2004. The State Governments have been requested to complete the process of amending their APMC Act within a period of three months in overall national/state interest and more so in the interest of farmers.

The Ministry has also approved a new Central Sector Scheme on 20.10.2004 for Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization. Under this Scheme, credit linked investment subsidy shall be provided on the capital cost of general or commodity specific infrastructure for marketing of agricultural commodities and for strengthening and modernization of existing agricultural markets, wholesale, rural periodic or in tribal areas. The Scheme is reform linked and assistance for development of infrastructure projects will be provided in those States/Union Territories which permit setting up of agricultural markets in private and cooperative sectors and allow direct marketing and contract farming. Small farmers can also set up projects under this scheme.

The introduction of direct marketing, setting up of markets in the private and cooperative sector, rationalization of market fee, single window service, removal of commission agents, and integration of prices with future markets as envisaged in the model act circulated by this Ministry would provide an opportunity to the farmer to sell his agricultural produce in a market of his choice and realize better price.